
NO_x RECLAIM WORKING GROUP MEETING

MAY 14, 2020

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[HTTPS://SCAQMD.ZOOM.US/J/4285162364](https://scaqmd.zoom.us/j/4285162364)

MEETING ID: 428 516 2364

TELECONFERENCE DIAL-IN: 1-669-900-6833

Agenda

- Comment Letter from Latham & Watkins (on behalf of Regulatory Flexibility Group (RFG) and Western States Petroleum Association (WSPA)) (February 25, 2020)
- Rulemaking Status on Landing Rules
- RECLAIM Transition Plan Update
- Ongoing Efforts and Next Steps

- Received comment letter from Latham and Watkins on behalf of RFG and WSPA on February 25, 2020

- Three main comments:

LATHAM & WATKINS, LLP

February 25, 2020

Governing Board
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, CA 91765

Re: Proposed NOx RECLAIM Program Transition

Dear Governing Board Member:

I am writing on behalf of the Regulatory Flexibility Group ("RFG") and the Western States Petroleum Association ("WSPA") to follow up on testimony that I provided at the February 7, 2020 Governing Board hearing related to the proposed transition from the NOx RECLAIM program to a command and control regulatory regime ("NOx RECLAIM Transition") (Agenda Item No. 23).

WSPA is a non-profit trade association representing companies that explore for, produce, refine, transport and market petroleum, petroleum products, natural gas and other energy supplies in five western states including California. WSPA has been an active participant in air quality planning issues for over 30 years. WSPA-member companies operate petroleum refineries in the South Coast Air Basin that will be impacted by the NOx RECLAIM Transition.

The RFG is an industry coalition comprised of companies in the refining, utility and aerospace sectors that operate facilities currently within the NOx RECLAIM program that will be impacted by the NOx RECLAIM Transition. The RFG participated in the development of the RECLAIM program from its inception and has been an active participant in all major amendments to the program.

Thank you for your attention to the testimony provided on February 7, 2020 and for the insightful follow-up questions to staff. We also appreciate staff's candid responses regarding the complexity of the transition and the timing associated with its implementation. Following is some supplemental information related to the questions asked by Board Members and staff's responses.

USDC\$1 (378412).4

Continued Success of the NOx RECLAIM Program

- Declining rate of reduction is not evidenced by diminishing program effectiveness - reflects significant reductions already achieved
- Measure of success of the program is whether or not actual emissions are below aggregate BARCT allocations
- RECLAIM is achieving the same level of emission reductions and health protection as command-and-control, where each individual piece of equipment would be equipped with emission controls
- Emission reductions are a combination of installation of pollution controls and equipment/facility shutdowns
- Over 60% of the equipment does not meet BARCT

Timing of the NOx RECLAIM Transition

- Timing of RECLAIM transition must account for rulemaking, approval, and facility engineering/construction
 - Given complexity and uncertainty associated with RECLAIM Transition, the timing cannot be dictated by arbitrary deadlines
 - Facilities are implementing emission control projects to comply with the 2015 RECLAIM shave
- BARCT implementation schedules will account for engineering, permitting, installation, and commissioning of equipment

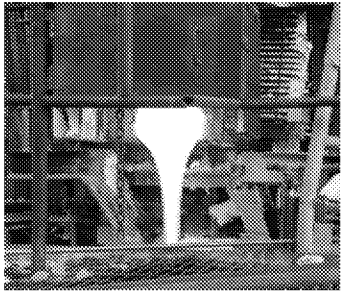
Cost of the NOx RECLAIM Transition

- Focusing on cost-effectiveness masks the actual implementation costs of the RECLAIM transition
 - Some BARCT standards under consideration exceed the \$50,000 per ton cost-effectiveness threshold
 - Believe staff has underestimated the actual cost-effectiveness of proposed controls
 - Costs associated with implementing the proposed RECLAIM transition will reach well into the billions of dollars
- Most BARCT rules have an average cost-effectiveness less than \$50,000 per ton of NOx
 - \$50,000 per ton of NOx is a guide, not a threshold limit
 - Capital costs for some BARCT rules will be in the millions, possibly billions of dollars

Rulemaking Schedule – COVID-19

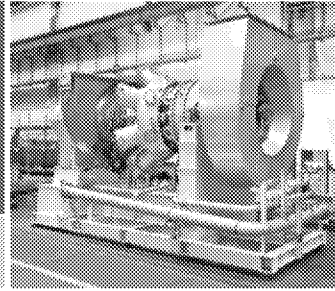
- Staff is moving at a measured pace in recognition of stakeholders' resource limitations associated with COVID-19
- Staff's goal is to move forward with critical and legal rulemaking activities without sacrificing full public participation
 - A number proposed rules have been moved to later dates in 2020 and 2021
 - Staff will continue to meet with stakeholders via tele- and video-conferencing to maintain social distancing
 - Review time of Working Group materials will be increased to allow additional time for stakeholders to prepare for meetings and to better facilitate participation
 - Working Group Meetings will be structured to be shorter in duration to better accommodate the tele- and video-conferencing format

Rules Under Development



PAR 1117 – Glass Melting and Sodium Silicate Furnaces

Public Hearing: June 2020



PAR 1147 – Miscellaneous Combustion Sources

Public Hearing: December 2020



PR 1109.1 – Refinery Equipment

Public Hearing: 1st Quarter 2021



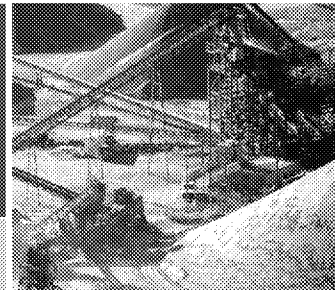
PAR 218/218.1 and
PR 218.2/218.3 – Continuous Emissions Monitoring Systems

Public Hearing: November 2020



PR 1147.2 – Metal Melting and Heating Furnaces

Public Hearing: 1st Quarter 2021

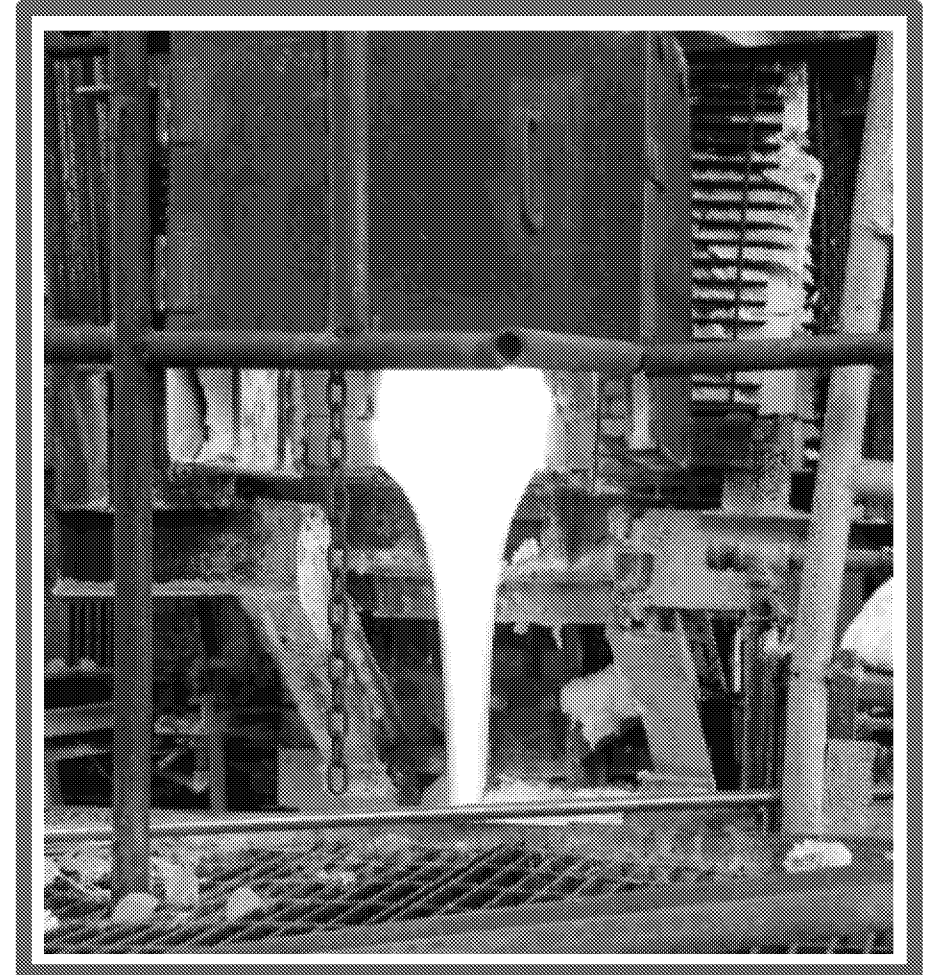


PR 1147.1 – Aggregate Facilities

Public Hearing: 1st Quarter 2021

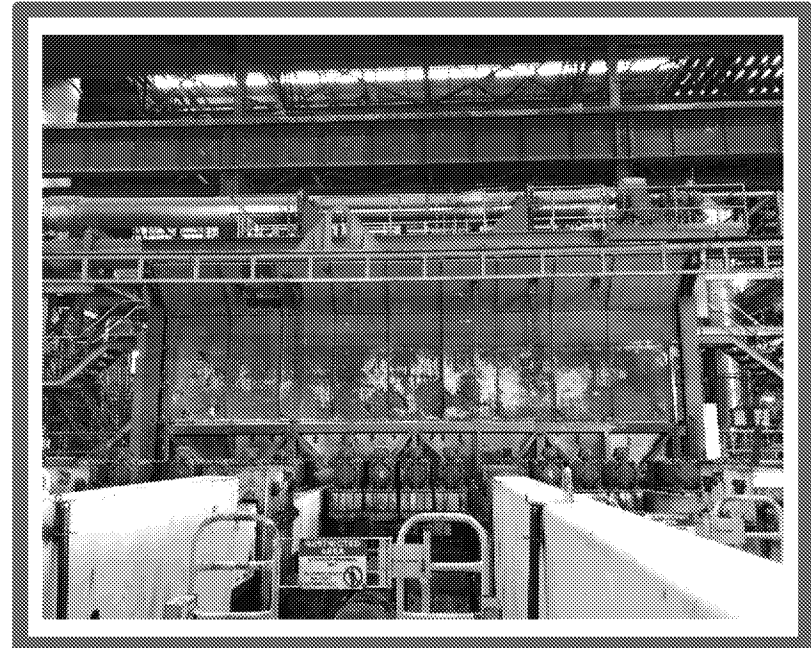
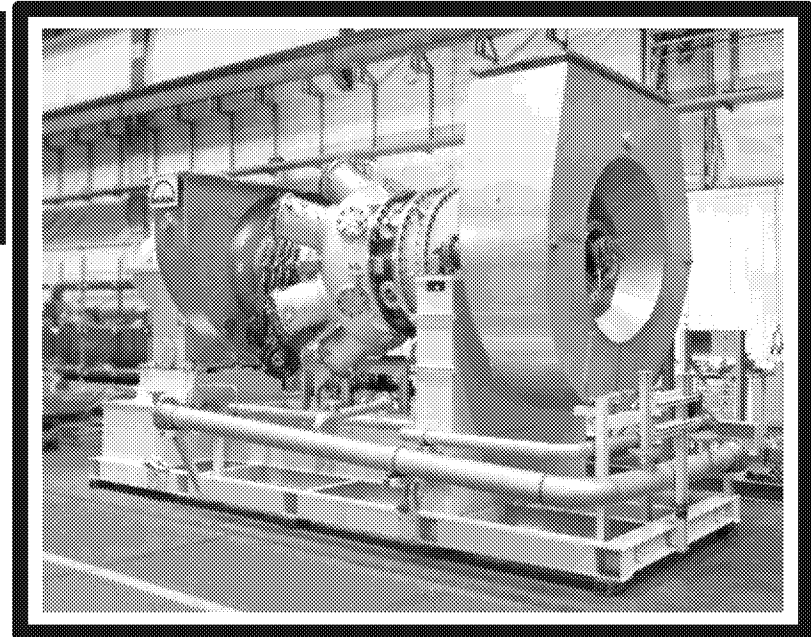
PAR 1117 – Glass Melting and Sodium Silicate Furnaces

- Affects two facilities
- Both using UltraCat Ceramic Filters
- Multiple site visits at both facilities
- Public Workshop held remotely on March 19
- Public Hearing: June 2020



PAR 1147 – Miscellaneous Combustion Sources

- PAR 1147 will now include large miscellaneous sources that were previously under PR 1147.1
- Presented permitting and source test data
- Conducting BARCT analysis and cost-effectiveness analysis
- Working with equipment vendors and burner manufacturers
- Staff still accepting survey responses
 - Contained in Proposed Rules Page (Rule 1147/1147.1)
<http://www.aqmd.gov/home/rules-compliance/rules/scagmd-rule-book/proposed-rules>
- Public Hearing: December 2020



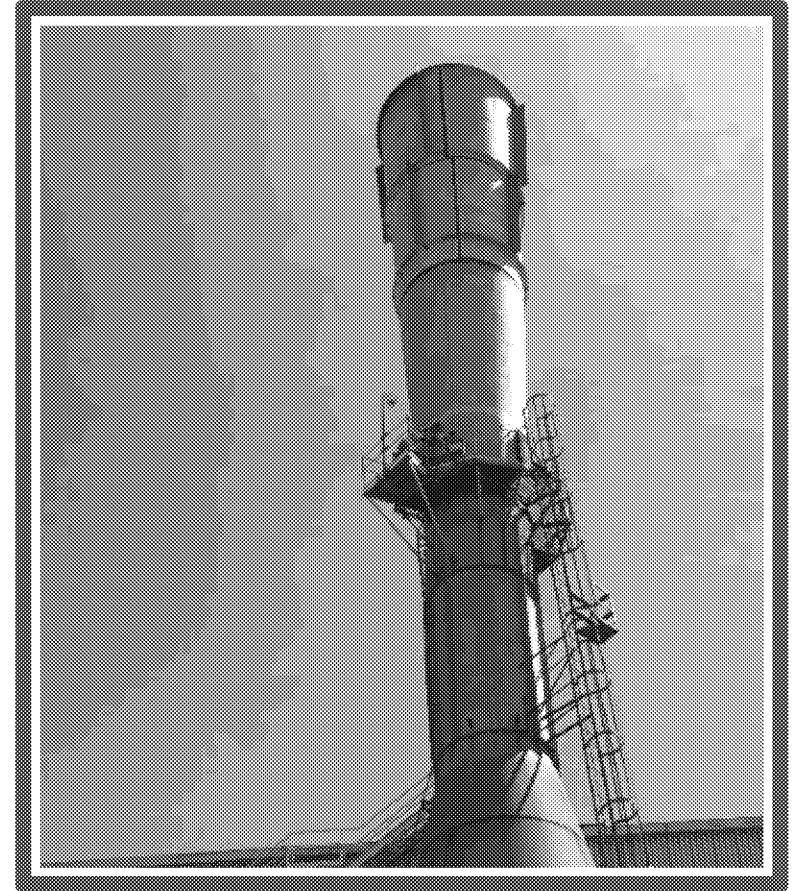
PR 1109.1 – Refinery Equipment

- Proposed NO_x limits for primary heaters and boilers, FCCUs, gas turbines and SRU/TG incinerators
- Initial BARCT limits for remaining categories expected in upcoming weeks
- Third party consultants reviewing staff's BARCT analysis
- Continuing meetings with stakeholders and follow-ups with technology vendors
- WGM #11 will be held on May 21, 2020 via tele- and video-conferencing (Zoom)
 - On-site community meeting in Carson-Long Beach Area postponed due to COVID-19
- Public Hearing: 1st Quarter 2021



PAR 218 & 218.1 and PR 218.2 & 218.3 – Requirements for Continuous Emissions Monitoring Systems

- Applicable to CEMS that are not in RECLAIM
- Implementation Schedule proposed for the transition
- Streamlined CEMS requirements and performance standards
- Preliminary Draft Rules to be introduced at the next Working Group meeting
- Public Hearing: November 2020



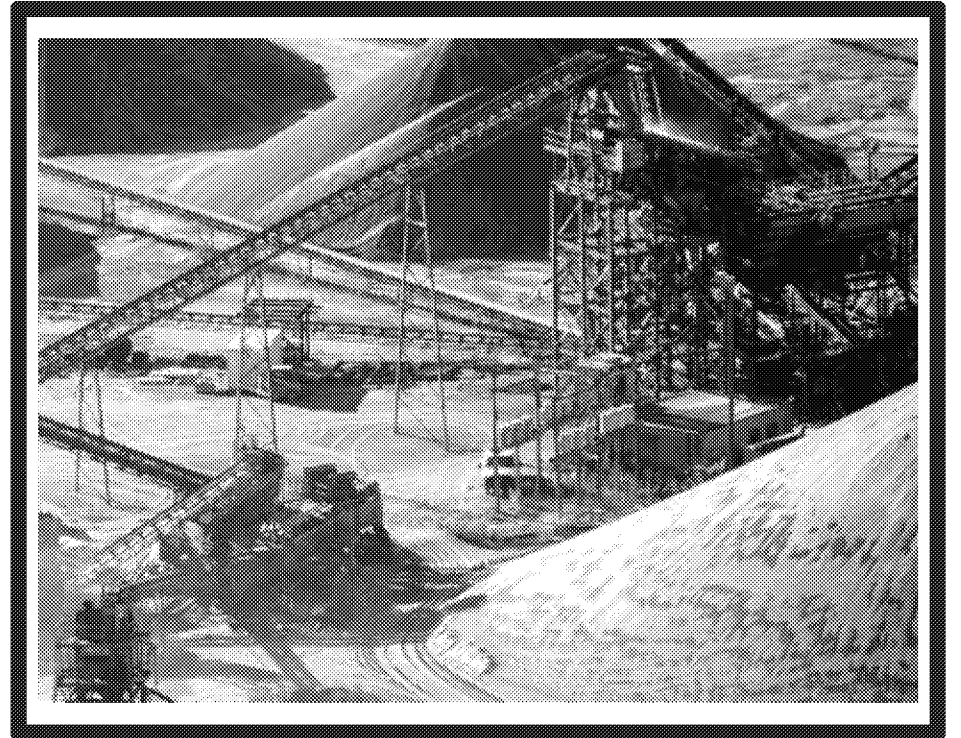
PR 1147.2 – Metal Processing Equipment

- Presented permitting and source test data
- Conducting BARCT analysis and cost-effectiveness analysis
- Meeting with burner manufacturers and stakeholders
- Two surveys sent (1147 equipment and 1147 permit-exempt equipment)
 - 31 surveys received and 12 permit-exempt surveys received
- Staff still accepting survey responses
 - Contained in Proposed Rules Page (Rule 1147.2)
<http://www.aqmd.gov/home/rules-compliance/rules/scaqmd-rule-book/proposed-rules>
- Public Hearing: 1st Quarter 2021



PR 1147.1 – Aggregate Facilities

- Formerly Proposed Rule 1147.3
- Staff still assessing applicability – may be expanded to include asphalt and concrete facilities
- Staff in data gathering phase
- Stakeholder meeting with California Construction and Industrial Materials Association (CalCIMA) and California Asphalt Pavement Association (CalAPA)
- Seeking to conduct virtual site visits in lieu of physical site visits
- Public Hearing: 1st Quarter 2021



RECLAIM Transition Plan – Version 2.0

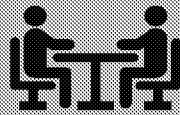
- Staff is working on second version of RECLAIM Transition Plan
 - Provide update on current approach for RECLAIM transition
 - Provide update on adoption/amendment of landing rules
 - Discussion of New Source Review issues
 - Applicability and offsetting revisions for major sources
 - Availability of offsets
 - Concepts and approaches to reduce the demand and increase the supply of offsets post-RECLAIM transition
- Anticipate completion Spring/Summer 2020



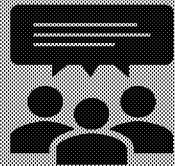
Ongoing Efforts and Next Steps



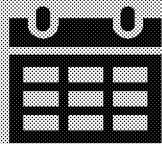
Continue rulemaking activities



Continue working with U.S. EPA, CARB, and stakeholders on NSR issues



RECLAIM Working Group and Regulation XIII NSR Working Group meetings



Quarterly Stationary Source Committee updates

Contacts

General RECLAIM Questions

- Gary Quinn, P.E.
Program Supervisor
909-396-3121
gquinn@aqmd.gov
- Kevin Orellana
Program Supervisor
909-396-3492
korellana@aqmd.gov

New Source Review

- Michael Morris
Planning and Rules Manager
909-396-3282
mmorris@aqmd.gov
- Kevin Orellana
Program Supervisor
909-396-3492
korellana@aqmd.gov
- Uyen-Uyen Vo
Program Supervisor
909-396-2238
uvo@aqmd.gov
- Lizabeth Gomez
Air Quality Specialist
909-396-3103
lgomez@aqmd.gov
- Melissa Gamoning
Assistant Air Quality Specialist
909-396-3115
mgamoning@aqmd.gov

Rule Contacts – Proposed Amended/Adopted

Proposed Rule 1109.1	Heather Farr	Program Supervisor	909-396-3672	hfarr@aqmd.gov
	Sarady Ka	Air Quality Specialist	909-396-2331	ska@aqmd.gov
Rule 1147	Gary Quinn, P.E.	Program Supervisor	909-396-3121	gquinn@aqmd.gov
	Shawn Wang	Air Quality Specialist	909-396-3319	swang@aqmd.gov
Proposed Rule 1147.1	Gary Quinn, P.E.	Program Supervisor	909-396-3121	gquinn@aqmd.gov
	Steve Tsumura	Air Quality Specialist	909-396-2549	stsumura@aqmd.gov
Proposed Rule 1147.2	Uyen-Uyen Vo	Program Supervisor	909-396-2238	uvo@aqmd.gov
	James McCreary	Assistant Air Quality Specialist	909-396-2451	jmccreary@aqmd.gov
Proposed Amended Rules 218 & 218.1 / 218.2 & 218.3	Gary Quinn, P.E.	Program Supervisor	909-396-3121	gquinn@aqmd.gov
	Yanrong Zhu	Air Quality Specialist	909-396-3289	yzhu1@aqmd.gov
Proposed Amended Rule 1117	Kevin Orellana	Program Supervisor	909-396-3492	korellana@aqmd.gov
	Rudy Chacon	Air Quality Specialist	909-396-2729	rchacon@aqmd.gov

Rule Contacts – Amended/Adopted

Rule 1110.2	Kevin Orellana	Program Supervisor	909-396-3492	korellana@aqmd.gov
	Rudy Chacon	Air Quality Specialist	909-396-2729	rchacon@aqmd.gov
	Michael Morris	Planning and Rules Manager	909-396-3282	mmorris@aqmd.gov
Rule 1134 & Rule 1135	Uyen-Uyen Vo	Program Supervisor	909-396-2238	uvo@aqmd.gov
Rules 1146, 1146.1, & 1146.2	Gary Quinn, P.E.	Program Supervisor	909-396-3121	gquinn@aqmd.gov
	Kalam Cheung, Ph.D.	Program Supervisor	909-396-3281	kcheung@aqmd.gov
	Lizabeth Gomez	Air Quality Specialist	909-396-3103	lgomez@aqmd.gov
	Shawn Wang	Air Quality Specialist	909-396-3319	swang@aqmd.gov
	Heather Farr	Program Supervisor	909-396-3672	hfarr@aqmd.gov
Rule 1118.1	Steve Tsumura	Air Quality Specialist	909-396-2549	stsumura@aqmd.gov